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# Europe, Laboratory for A-Democracy?

Robert Salais\*

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**Abstract:** »*Europa, Laboratorium für A-Demokratie?*«. A-democracy is for a given society a state in which, like the apples sold in supermarkets, democracy has now only the appearance of democracy, without the taste (no real practice and effectivity) that should go along with it. This contribution claims that, for the leaders of the neoliberal global market and finance, the searched political solution for its crisis is how to change everything without changing anything. The construction of Europe appears a *de facto* laboratory for experiments aimed at this objective. For the European Union is using in different fields forms of democracy whose specificity is to imply participants (peoples, actors, organizations, national political elites) in a game in which they control neither the rules, nor the data, the agendas, or the outcomes. The contribution reviews a series of these forms; which describe passages to a-democracy in the current crisis.

**Keywords:** Democracy, European Union, market order, neoliberalism, law, governance.

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## 1. Introduction

Many economists (and, generally speaking, many European people) are surprised that so little is done, in any case too little, to achieve an in-depth transformation of the rules of the global market and finance, and to truly lift the world out of the economic and financial crisis. In fact, the proponents of the world market order seek another outcome altogether, an outcome that, is above all, political. To paraphrase the Leopard in the book by Giuseppe Tomasi di Lampedusa (di Lampedusa 1960), what is the way to change everything without changing anything? My conjecture, issued from my book, *Le viol d'Europe. Enquête sur la disparition d'une idée*, is that the European construction constitutes a *de facto* laboratory for testing some of the political solutions searched for the survival of the global order. The main stake is how to control the wishes of individuals and peoples who aspire to another future, one to their liking. How to continue to durably involve them into the current situation and, at the same time, not to leave way to their aspirations?

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This is where the construction of Europe comes into play. The European Union, or rather those at its head, is innovative in that it uses the forms of democracy (and even creates new ones) to attain this goal of survival, even as these forms are in practice gutted of their content, their dynamics, and all democratic practice. In the following discussion I call this the passage to a-democracy. Like the superb apples sold in supermarkets, democracy has now only the appearance of democracy, without the taste that should go along with it.<sup>1</sup>

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## 2. The Construction of Europe: Laboratory of A-Democracy?

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I prefer the concept of a-democracy to the one of post-democracy suggested by some authors, in particular, Wolfgang Streeck (2013a). Post-democracy seems to me both premature and, ultimately, inadequate. Because the partisans of the current world order have not endorsed the divorce between capitalism and democracy, and the consequent abandon of democracy which, according to Streeck, would already be the case. In my view, the still dominant orientation is to maintain the institutional and procedural forms of democracy, while at the same time trying to control their content and to weaken their democratic effectiveness. I will present below several examples of this. Post-democracy, if it is to occur, would be for me a step further in the process. It will be marked by true attacks, though still localized, against fundamental freedoms and rights.

What if then the European process were a full-scale laboratory to test the efficacy of political forms suitable to stabilize and legitimize the survival of contemporary capitalism? One should note that it could also be a laboratory allowing researchers to scrutinize the contradictions within the process, and eventually the emergence of new possibilities and leverage points to implement them.

In fact, the European process has gotten a head start in this quest for innovative political forms. As I have shown in my book, *Le viol d'Europe. Enquête sur la disparition d'une idée* (Salais 2013), the construction of Europe is largely the product of the setting-up of the world market order desired by the victorious countries in the immediate postwar period. The institution of this order was driven by the United States, starting with the Bretton Woods agreement in 1944, and the creation of the IMF, GATT, and NATO. The European process cannot be reduced to this impulsion of course; it has its own original features and its resistances to the American project for Europe, if only through its own history and specific politics – the role of Nation States, for example. Despite

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<sup>1</sup> This communication is a reworking of a lecture delivered at the 4th annual Congress of the *Association Française d'Economie Politique* (AFEP) that was held on 2-4 July 2014 at the *Ecole Normale Supérieure* of Cachan.

the fact that the Grand Narrative disseminated by European authorities ignores it, the period of the origins, 1944 to 1956, is decisive. The Marshall Plan and ECA, its management and oversight agency in Europe, the IMF, GATT, OEEC, and NATO, were the loci where the rules guiding and structuring the negotiation process between European national leaders were born.<sup>2</sup> The Europe of Six in 1957 was what remained of much more ambitious projects, and it bore the traces of them.

Two of these features make the European process an exemplary subject for contemporary quest aimed at finding political forms adapted to today's crisis. Indeed, they make it a unique object, an Unidentified Political Object, a UPO in the contemporary world.

The first of these features is that as early as the 1950s Europe retracted into a market constructivism: initially the Common Market, and then from the 1980s the Single Market and the liberalization of movements of capital. Europe undertook the construction of a perfect market according to two types of rules: the rules of law on one hand – focusing on the elimination of restraints on the free circulation of goods, services, capital and, secondarily, persons – and, on the other hand, from the beginning of the 2000s, the transposition of the private-sector rules of management by quantitative performance into the definition and monitoring of European policy. One could call this second type of rules, the rules of governing by numbers.

Very early on, the edification of European institutions, in the economic and financial domains in particular, carried in its breast the premises of today's neoliberal credo, without this being intentional. This meant that European leaders had to start looking for new political forms in the 1990s, long before today's crisis: forms that would meet the political needs of neoliberalism, while suiting the specific characteristics of European institutions.

The other feature is that, in retrospect by a “happy” paradox, the choice of non-recourse to democratic practices at the European level was made even before Europe officially came into being. History is not the neutral passage of time. It is not as if when an institution is created the actual conditions of its implementation are unrelated to the institutional framework that has previously been set up, to the practices and systems of conventional expectations that have taken root. There are hierarchical relationships, dominations, instrumentalizations, inversions of meaning, and survivals of the past that research in political economy must not only acknowledge, but also bring into the full light of investigation in order to establish their signification. This non-recourse to democratic practice, this a-democracy, was little by little integrated into an institutional framework, into the practices of its actors, into a purely instrumental technical

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<sup>2</sup> ECA: Economic Cooperation Administration; IMF: International Monetary Fund; GATT: General Agreement on Trade and Tariffs; OEEC: Organization for European Economic Cooperation; NATO: North Atlantic Treaty Organization.

rationality, that today, more than 60 years of development on, puts up an implacable resistance to any attempt at true democratization.

This choice was that of Jean Monnet, for one, and of the French planners for whom political decision making was meant to be informed by an array of technicians and engineers who were sheltered from the “impurities” of political deliberation, that was too rapidly equated with political wheeling and dealing. This option was implemented right from the creation of the European Coal and Steel Community (ECSC) in 1951. The ECSC joint assembly was, above all, a democratic appendix made up of national representatives delegated by their respective parliaments; it met once a year and had the prerogative of dismissing the ECSC High Authority if it could muster a two-thirds majority. In reality, the essential levers of power were protected.

This choice of non-recourse to democratic practice was also the option recommended, as early as 1949, by the ECA, the American government agency that administered the Marshall Plan in Europe. The idea was that the construction of a united Europe provided a chance to be rid of the Nation-State model that was held to be responsible, at least in part, for the delusions and deviance of totalitarianism before the war. Moreover, this conviction was shared by a broad segment of the European elite, mostly of a social-democrat or progressive-liberal stripe. To effectively erase the Nation States, the best path was to obtain acceptance of the loss of national sovereignty, and transfer its attributes to technical operational instances that were distanced from national States and political debates. It can be added that many Americans had a hard time grasping the difference between a “State” in the European sense, and a “state” of the United States. Lastly – and today we could say that this is odd, given the circumstances – the States, their administrative bodies and political personnel, accepted this perspective all the more readily (according to Alan Milward 1992) since they saw in this structure a sort of discreet negotiating forum in which they could settle among themselves their differences regarding supranational problems.

“Planism,” the interests of the United States, and the clubby negotiations between leaders thus converged to inscribe non-recourse to democratic practice at the very deepest level of the European political process. In the fifties, such non-recourse to democracy could have seemed the lesser evil, in light of the urgent strategic need, or rather perceived as such, to build a firebreak to counter the Soviet Union and communism. Retrospectively, by making the need of public democratic debate pointless, it appears one of the political biases that favored the turn to the neoliberal credo of the perfect market in the 1990s. It also left room to the creeping seizure of power by European technocratic institutions which self-legitimize themselves on the basis of technical objectivity and optimum performance. The growing autonomy and strength of these institutions when exercising power, today more and more rely on the threat of financial markets against Member State, and thereby to the detriment of their peoples

and citizens. The reason is simple: if they refuse to follow the recommendations of the ECB and the European Commission, Member States run the risk to see their borrowing conditions on the financial markets becoming more difficult and costly. To date, the wielders of this power have successfully maintained (by various techniques – allegiances, co-optation, fear, the promise of positions) an agreement in the center of the political field between the moderate right-wing and social-democrats to refrain from endangering this hold on power. But this system is maintained at a growing political cost – the massive disaffection, abstention and rejection on the part of the people of Europe.

Let us look more closely at four points in particular.

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### 3. Of Several Very Useful Instruments and Substitutions

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- Financial deregulation rather than democracy, the turning-point of the 1980s
- Social dialogue in lieu of collective bargaining
- Governance by quantitative performance in place of democratic deliberation guaranteed by law
- The use of the language of economics in politics.

#### 3.1 Financial Deregulation rather than Democracy, the Turning-Point of the 1980s

Rereading the history of the European process,<sup>3</sup> today we understand that the passage to neoliberalism occurred when, in the 1980s, the pursuit of the construction of Europe faced a choice between two pathways: that of democracy, the democratization of the European process, or that of the single currency. It should be noted that the second pathway is defined less by the single currency *per se* than by the direction which was adopted, following the path of full financial deregulation, within Europe as well as in its relations with the rest of the world. This was a political choice, and not an economic choice, as shown in the book on the route towards Maastricht by Kenneth Dyson and Kevin Featherstone (1999). Neoliberalism, and what is more, financial liberalism, slipped in through this flaw. It has taken hold little by little, by and for the political implementation of the single currency. This was a major turning point, one that was not foreordained at the beginning of the 1980s. Let us recall the facts.

Going beyond the Grand Narrative that is perpetually being tweaked by official history makers, history shows that the true project of Europe is the universalist vision, the original pathway: that of Resistance fighters, of culture, cooperation, peace, democracy, “commerce” in the 18th-century sense, com-

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<sup>3</sup> On this turning point see Salais 2013, part 2, chapter 2.

merce among Europeans as well as with the peoples of the world, the effort of mutual comprehension (Salais 2014). Very early on, in the 1940s and the early 1950s, this project was abandoned (although leaving a few traces in today's Europe) and covered over by quite a different project: a Europe born of a mongrel strategic compromise between national elites, dominated by American strategic interests, a Europe that even this early on fell back on the market and the principle of competition, a little Europe that in 1956 – even if not yet adopted – was already in favor of free circulation of capital, contrary to the Bretton Woods agreement. I call this second historical narrative, which is closer to the reality of the process, the disappearance of the Idea of Europe, in truth the universalist path, and I call it a failure.

Pressure in favor of democracy began to mount in the 1970s (the events of 1968 had left their mark). This is visible in the revival of the pre-1950 projects of a Europe of labor rights thanks to the Vredeling Directives (Salais 2013, part 2, ch. 3); as well as in the decision to adopt universal suffrage for the elections to the European Parliament, and the first election held in 1979. The first true parliamentarians, politically legitimate unlike the European institutions, had grand ambitions for their role. At the instigation of the Italian MP Altiero Spinelli, a group of parliamentarians drafted a European constitution that was centered around a Parliament with greater weight. The group had sought a compromise with the existing institutions, and the main difficulty, still unresolved, was the role of the Council of Ministers: what should be done with national governments in a European political system? Is it possible to have at once direct representation of the people via the European Parliament, and a brokering system (one can hardly speak of representation) via governments? The failure to make a clear choice in this matter has slowly but surely killed off democratic practice in Europe. It is not possible to hold democratic deliberations to achieve the common European good on the one hand, and on the other pursue secret negotiations between national leaders in a game involving them and the Commission. In any event, the European Parliament unanimously adopted the Spinelli report in 1984, hoping it would be applied. In 1985, Altiero Spinelli addressed a personal demand to François Mitterrand, asking him that France, which ensured the Chair of the European Community for the 1st semester of 1985, commit itself to support the implementation of the Report (Menéndez 2007). This was without any success.

When Jacques Delors took the presidency of the European Commission in 1985, he dropped the Spinelli report, which did not have the support of governments. As recalled by his deputy and long-time friend Padoa-Schioppa (1998), Delors put the priority on general free circulation of capital, and on the Single Market. The problem was that Altiero Spinelli was not just another parliamentarian. He was one of the founders of the Italian movement for a federal Europe during the war, and while he was interned by Mussolini, contributed to the Ventotene Manifesto of 1943. The rejection of his proposal was

heavy with meaning. Another aspect of the problem was that the single currency was not designed for the needs of the European economy, but to enable Europe to hold its place in the deregulation of world financial markets. The first concern of the Delors presidency was to draw up a directive to free up the movement of capital within the European Community and with the rest of the world, and to have it approved by the governments. Only afterwards was it proposed to convene a Committee, made up for the most part of the governors of central banks, to establish the outlines of the Economic and Monetary Union (EMU) based on financial deregulation.

Furthermore, the Delors presidency did not follow up on the proposals aimed at democracy contained in the 1970 Werner Report. This report recommended that the future European Central Bank (ECB) should be accountable to the European Parliament, and that a Centre for decisions regarding economic policy be set up at the European level, an instance that would have coordinated national budgetary policies. This Centre would also have been accountable to the European Parliament. Forty years on, we are still waiting for the European Union to take action on these matters. It is not the laughable, not to say ridiculous, suggestion made in recent months to add a sort of elected parliament specific to the euro zone that would compensate for this lack of action.<sup>4</sup>

Overall, the entire process has made financial markets the evaluators and monitors of national and European policy, at the expense of the democratic representation of the people of Europe. With EMU and the ECB firmly in hand and beyond the pale of any democratic institution, a few additional responsibilities could of course be left to the European Parliament, without any consequences affecting the control of the core of the reactor. The broader competencies gained by the European Parliament since the Lisbon Treaty should not be ignored, but to seriously assess them they must be placed in context.

### 3.2 Social Dialogue in Place of Collective Bargaining

Jacques Delors built social Europe around the notion of social dialogue. What are the implications of this change in vocabulary from that of collective bargaining? I am looking for research into what this shift implies regarding recognition of the collective dimension of work and its role. An intuition, undoubtedly ordinary, is that the concept of social dialogue breaks the habitual link between strike action and collective agreement that is contained in the concept of collective bargaining. Historically in France, for example, (referring to the work done by Claude Didry) the legal and political legitimacy, and hence the enforceability of a collective agreement, is determined not only by the repre-

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<sup>4</sup> Godino and Verdier (2014). The "federation," as they understand it, would be limited to six or seven countries, and would allow for even greater integration – in other words an even stronger central power, dressed up in the clothes of democracy.



sentativeness of the signatory organizations (and there has been progress on how to measure this representativeness, a classic question of representative democracy), and not only by the right to collective bargaining, but also by the fact that the strike that precedes the bargaining manifests the constitution of the collective entity and the recognition in action of its identity (Didry 2002). (On this latter point I would say it is a question of participative democracy where there is regression, not progress.) In a conflict, strike action and its resolution, the labor union, and the movement prove by participation that they truly represent a shared determination. Strikes, like movements in civil society, are vectors in the practice of democracy. The use of strike action is more and more subject to control. The crisis has led to paralysis of the European social dialogue that was already losing momentum.

### 3.3 Governance by Quantitative Performance in Place of Democratic Deliberation Guaranteed by Law

One of the most neglected aspects of democracy is its capacity to produce – by contradictory debate and by collective thinking to define the common good to be accomplished – self-knowledge of society on which all can agree at the end of democratic deliberation. This is the hardest thing to achieve, but the most important, as John Dewey remarked in his time (Dewey 1927). For the antagonism that dominated at the beginning of the process is transformed into disagreement. In the ensuing debate, the participants come to exchange reasons and facts they accept as relevant. Agreement is reached on what there is to know; political disagreement continues over the solutions to be found, depending on the relative importance ascribed to one fact or another. In a truly democratic society, law is elaborated in such a way as to ensure (in the different branches of the law) spaces for deliberation and judgment via a public and contradictory process, but also by various procedures of information, consultation, discussion, for example in labor law, that permit this quest and debate of the facts.

This is precisely what governance by top-down management based on performance indicators seeks to destroy and replace. This governance has spread like wildfire. It testifies to the paradoxical convergence of planners with the proponents of the perfect market, which is for me a characteristic trait of neoliberalism. Government planning and the perfect market share the same conception of the economy, reducing it to quantities and prices, the belief in the primacy of price competition, the elimination of everything that impedes the perfect functioning of the system, an absolute faith in efficiency, this being measured by cost reduction. Like the neoliberalism that is their descendant, they manifest the same mistrust of the exercise of individual and collective freedom, which planners consider to be of no use, and that free marketers find dangerous, because opportunist. And both are big consumers of quantitative data that appeal to planners for their supposedly incontrovertible objectivity

and to market proponents because they make it possible to set up competition by comparison of performance. Once again the construction of Europe is a precursor with its planification origins in the 1950s.<sup>5</sup>

This type of governance assumes that it can eschew the phase during which knowledge of the common good is collectively produced, and that a political discussion can be imposed from the outset on the basis of information already elaborated by the Center and its experts. The typical example is the set of performance indicators and targets to be achieved that one can find everywhere now, whatever the political domain. The veracity of the facts to be known having already been established, before any discussion, there is no need for a third-party mediator, that is to say of spaces and procedures allowing for the contradictory debate between different understandings of the real. Each participant is from the start obliged to adjust to this truth from on high.

These indicators and performance charts that govern us are the vehicle for a normative formatting, embedded in their categories and methods of calculation, that unbeknownst to the actors, structures the deliberations in favor of a certain type of political solution. For example, the employment rate, a key variable of EU economic governance, and one which the States' economic policies must maximize, is oriented towards deregulation of the labor market, a bias that national governments were quick to grasp. For calculating this indicator, each task whatever its working-time and its quality is counted for one, even if it represents only a few hours a week; thus it is much more effective and less costly, in terms of this score, to create part-time and precarious jobs than to create high-quality full-time employment.

Moreover, this governance, by stating in advance about what and on what basis there can be discussion, induces a strategy that implicates social and economic actors and civil society in a process in which they have no mastery of either the issues or the relevant data. Such a self-referential involvement cuts them off from their activist base and leads them to, in fact, shirk their responsibility, which is to build a representation of the claims of their mandators, and to fight for them. In the end this co-optation aims to transform them into relays of the Center. As a consequence of the cognitive hegemony appropriated by the Center, that which is not acknowledged by its procedures is no longer publicly visible, and thus does not contribute to collective decisions.

These strategies of governance, by cognitive hegemony and implication, are developing at all levels; their point of departure is corporate managerial reform that combines the personal implication of employees and the quantitative evaluation of performance, inciting individualized employees to exploit themselves, and in that exploitation seek their personal achievement.

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<sup>5</sup> This apparent paradox was patent as early as the Spaak Report in 1956 that laid the groundwork for the Rome Treaty in 1957.

### 3.4 The Use of the Language of Economics in Politics

Since the beginning of the European process, the discourse and political argumentation of European authorities have employed the language of economics, and today of finance, not only for economic and financial matters, but also for other issues that on the face of it are far from these domains, for example the notion of “social investment” that has recently emerged (European Commission 2013). The documents on this subject seem to have been written by financiers and performance managers, and not by actors or specialists in social affairs or representatives of civil society. The implicit objective is to identify the conditions in which such investment could be profitable, undoubtedly to generate yet another class of assets that could be traded on financial markets.

This endows the European “novlangue” with a peculiar fragrance. This language defines and uses concepts and notions in its own way. These definitions and uses are not those of ordinary language, nor those that have long been current in structured internal debate in their original fields, in economic, political or social theory especially. I demonstrate this for several concepts in my book: competition, competitiveness, integration, harmonization, subsidiarity, federation. Research is needed in this area, combining several approaches, among them theories of argumentation. The terms of this “novlangue” have become autonomous through repeated use to attain political ends in negotiation and justification within the European sphere. Their political efficacy is due to the ambiguity of these shifts in meaning; they suggest and leave room for hope – misplaced – that the ends and results will correspond to aspirations: for example the confusion between maximizing the employment rate and full employment, or between subsidiarity (that is based on the primacy of collective autonomy) and decentralization (a top-down approach).

No domain of the economy is spared. However, the language of macroeconomics turns out to be the right language for European governance. For, among other reasons, this language maintains a level of generality and abstraction such that the real issues, the concrete questions related to effective action in the field, are enveloped in a political discourse that validates a mild consensus and that escapes all democratic debate, keeping the discussion within the purview of specialists. Used as the Vulgate, this language helps make an end run around democratic practice. The Vulgate will always drown out and dilute the concrete details, the passage from the singular to the general case, in other words the need for democratic practice.

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## 4. Towards A-Democracy

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The construction of Europe thus offers up not only to decision makers, but also to researchers, the elements of a political management system that could be

long-lasting, and could foster acceptance of the ongoing crisis of capitalism, or at least prevent the spread of systemic criticism. These elements are: loss of sovereignty in favor of a regional technocracy;<sup>6</sup> centers of decision as far removed as possible from the localities and people involved; key domains sanctuarized, out of bounds for any debate; representatives (in the broadest sense) of collective interests implicated in self-referential procedures where the limits of what is to be known and decided are set in advance by the Center; dialogue rather than action; governance by quantitative performance indicators, constructing immediate equivalences with the general equivalent, money; instrumentalization of values; the disappearance of spaces affording breathing room, deliberation, autonomy; and others too many to enumerate. Each of these elements that may in itself appear to be harmless or an exaggeration, takes on another meaning when combined with the others, outlining an instrumentation of the forces of democracy at various levels, draining them of their critical efficacy and transforming them into tools for justification. All together, they reveal the movement that is underway towards a-democracy. This movement makes the construction of Europe a life-sized test of political forms. A very recent example can be found in the six European legislative packages adopted in 2012, and above all the two packages accepted by national governments but not yet ratified. These laws pose constraints on national collective choices, and in their way are forerunners of the control over States by the major market players that is anticipated under the Free Trade Agreement between the European Union and the United States if it is ratified. The EU legislation, using various techniques (reversed majority, dissuasive conditions for access to financial aid) gives the Commission the latitude to impose economic and financial adjustment programs on the States that are a risk for the Euro zone, with a complex automatic pilot system of indicators and financial penalties. These measures would be applied before any democratic debate – for example by requesting that draft national budgets be submitted to the Commission in the first instance. At the same time, the proposal for an EU-United States free-trade agreement, negotiated in secret, intends to set up a private international arbitration system under which multinational corporations could bring suit against States and contest decisions or policies that the corporations deem contrary to their interests, with the possibility of obtaining the abrogation of the contested decisions and policies, accompanied by financial sanctions. Together, these two systems would bring about the end of all autonomy of choice on the part of human communities and would put them under the control of a globalized financial oligarchy in Europe.<sup>7</sup>

<sup>6</sup> Regional referring to regions of the world.

<sup>7</sup> In its recent issue of 25 July 2014, the *Süddeutsche Zeitung* has revealed that, since 2009, the European Commission has been secretly discussing the same system of private arbitration for multinationals against national states in its negotiation of a project of free trade

Another example is relative to labor and social laws. They are of the main victims of the dual and in growing tension European system of rules, and of their drift towards a-democracy. It was not the product of the 2008 crisis, but a long term trend accelerated since the Maastricht Treaty of 1992 and the convergence process towards the Euro.

As the priority of the European law was and is still to implement the single market (that is the neoliberal perfect market), labor and social laws have been progressively considered as obstacles to the total flexibility and instantaneous adjustment of the wages and the quantity of required work on labor markets. The autonomy of these fields (collective bargaining, place of the unions and their legitimate role, deliberative procedures of information and consultation of workers, collective works councils) was not contested at the beginning of the European process, at least at the national level. But it proved not impossible, but more and more difficult, to develop them at the European level, except for establishing minimum requirements for national laws. Since the 2000s, though there are exceptions, the jurisprudence of the Court of Justice of the European Union, when facing a conflict between economic freedoms (the principle of free circulation) and social rights, even the basic ones recognized by the several European Charts, has decided in favor of the economic freedoms. Consequently economic and market law has taken precedence over the labor and social laws, penetrating their falsely believed protected and autonomous fields. Famous cases and judgments have been amply discussed in the literature (see the publications of Christian Joerges, for instance Joerges and Rödl 2008).

The emergence of governance by numbers in the 2000s, using quantitative performance indicators as their target and reference of evaluation, has added macroeconomic and financial pressures for labor and social laws deregulation. Social expenditure has been counted for calculating national public deficits and for monitoring the process of convergence, through the 3% public deficit rule. And, as above reminded, the global rate of employment rate, whatever the type and quality of the jobs created, and its maximizing are along the main macro indicators followed by the European Commission and the ECB. They use them for benchmarking, for naming and shaming national policies and governments. Stronger pressures were placed on national governments to favor deregulation of their labor market and, in the crisis, to develop austerity policies.

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agreement with the Canada, similar to the one negotiated with the US. Five years in the shadow! One has the feeling that the European Commission plays first in favor of the globalized financial elite, and secondly, if at all, in favor of the Europeans. According to the newspaper, the German government has expressed its disagreement, rightly considering that such system will run against the States' sovereignty, one of the foundations of international law.

The Court of Justice of the European Union in Luxemburg and the European Central Bank in Frankfurt are now the driving forces piloting the future of labor law in Europe, and no more public debate and democratic practices.

Can we, as economists, ignore these facts and risks? What do we have to say and propose? There is much research and many experiments devoted to thinking about and nurturing modes of contestation, criticism, and new ways to build the economy and democracy in action. Let us focus in particular on the subject of democratic deliberation and its role in economic practice. Can we conceive of types of State that place democratic deliberation at the heart of political, economic, financial, social and environmental decision-making?

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## 5. Democracy and Pathways to Revive the Universalist European Project

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In conclusion, let us recall that the European project espoused by its partisans between the two wars, and during and at the end of World War II, was a universalist political project. It was founded on democracy, peace, fundamental rights, and cooperation among peoples, and not on supranational integration. The vision was that each and all European countries would develop autonomously in the various spheres of the economy, politics, law, culture and society, with mutual respect and cooperation, and also that in their own development they would be attentive to and foster the development of the others. And indeed some European achievements bear the hallmarks of this outlook, in culture, education, research and in the economy, for instance industrial achievements like Airbus (that Europe should seek to replicate in the energy sector).

Was this, is this a utopian vision? Simple ideas, with great scope, were put forward.<sup>8</sup> Major economists defended them; they only need to be revived in today's context. These are possibilities which, if implemented, would allow a new start for the European project.<sup>9</sup> I cite just one of these ideas that came from Keynes, on the organization of the world market order. Keynes developed this idea in his capacity as British negotiator of the Bretton Woods agreement.

In the world order that prevailed and served as the basis of the Economic and Monetary Union (EMU) centered on the single currency, the debtor country is solely responsible for the return to equilibrium of the balance of payments. Keynes proposed another model of trade based on a universalist conception. Europe should adopt this model today. In the Keynesian system the creditor and debtor countries must cooperate to return their trade balance to

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<sup>8</sup> See Salais (2013), Conclusion, and the conference I delivered at the Council of Europe in January 2014, in the series about the identity of Europe (Salais 2014, to be published)

<sup>9</sup> Here I basically disagree with the radical pessimism of Wolfgang Streeck (2013a).

equilibrium, using various means: devaluation or revaluation in relation to a global accounting currency, Bancor; greater purchasing and investment by the creditor country in the debtor country, in order to reinforce its structural competitiveness. If the imbalance worsens, both countries are subject to penalties. It should also be remembered that, in Keynes' view, this system would go hand-in-hand with control of speculative capital movements, if possible a control exercised cooperatively among countries. Keynes had learned the lesson, rightly so, of the 1930s Depression that placed the onus of the return to equilibrium on the debtor country, drawing it into a spiral of austerity and depression that gradually dragged down the whole world (and as we see in the current crisis in Europe).

Applying this idea of trade cooperation today would involve a revamping of EMU on the basis of strictly controlled movements of speculative capital in particular, granting freedom of circulation only to productive investment; on a system of shared responsibility for trade balances among creditor and debtor countries as imagined by Keynes; on a structure to manage cooperative investment among European countries that would aim to even out the trade balances between countries while stimulating their economies and productive capacity. Implementation of this notion would mean reforming European law and institutions, to be based not on competition, but on the principle of cooperation. Who could fail to see that in this proposal the necessity of democracy is intimately connected to economic effectiveness and development? Cooperation to achieve balanced development between nations would create true equality between countries and mutually fruitful ties. It would foster the creation of democratic spaces for deliberation, and not for closet horse-trading between vested interests.

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